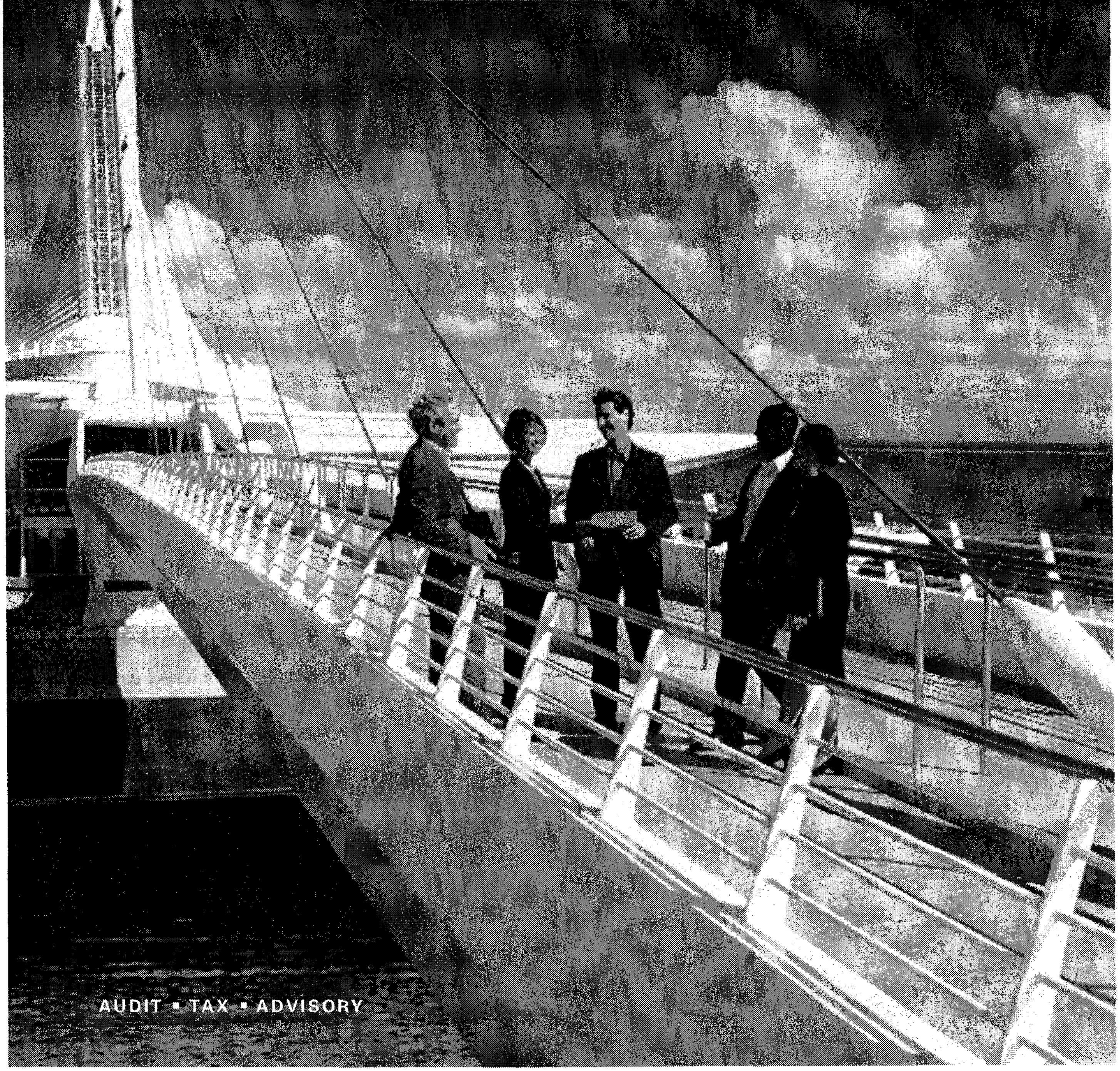
EXHIBIT E

KPMG

State of the Alternative Investment Industry, Offshore

Spring 2005

FINANCIAL SERVICES



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Executive summary

The alternative investment industry is experiencing unprecedented growth which has had a tremendous positive business impact upon many offshore jurisdictions. The real challenge now facing these centers is the ability to continue to specialize and differentiate in order to continue to meet the diverse needs of an industry in transition. As regulators wrestle with complex alternative investments, a new environment of increased transparency and retail protection will ensure that customer centrality is kept high on the agenda.

Despite an equity market rally, the sustained bear market of recent years appears to have had a lasting effect in the minds of investors. There is a clear recognition that the unique attributes of alternative investments are proving attractive to a raft of investors, both retail and institutional, looking for improved total rather than relative returns. Traditional investment houses are beginning to offer alternative investment products in response to increased demand and the need to retain profitable clients and star managers. On a global scale, alternative investments are changing business models across the investment industry resulting in greater convergence between traditional and alternative managers.

Other key themes relevant to the offshore environment include:

- The shift from balanced to specialist mandates continues unabated. Flexible product structures and regulation has led to significant institutional demand for products to be launched offshore.

- Consolidation of the offshore administration industry continues to gain momentum, as increased specialization and complexity of products lend themselves to high technological spend. Together with the growth in demand for third party administration as a result of regulatory pressures, strategic alliances and merger activity has risen sharply. Whilst boutique administrators are focused on providing specialist services, the need to achieve a scalable business model is becoming paramount – consolidation is therefore increasingly likely in the short term.

- The emergence of second generation outsourcing deals is evidence of a maturing industry, with each aspect of the value chain being reassessed in order to achieve cost efficiencies. Systems and software development is high on the agenda and the ability to adapt to changing investor demands remains a key differentiating factor for administrators.

- New products which combine structured elements with other alternative investments are emerging, led by both a changing investor appetite for risk and an environment which has experienced low volatility and a lack of arbitrage opportunities.

In this review of the state of the alternative investment industry offshore, these and other key themes, which are impacting the industry, are summarized through attributed quotes from a wide variety of publicly available sources.

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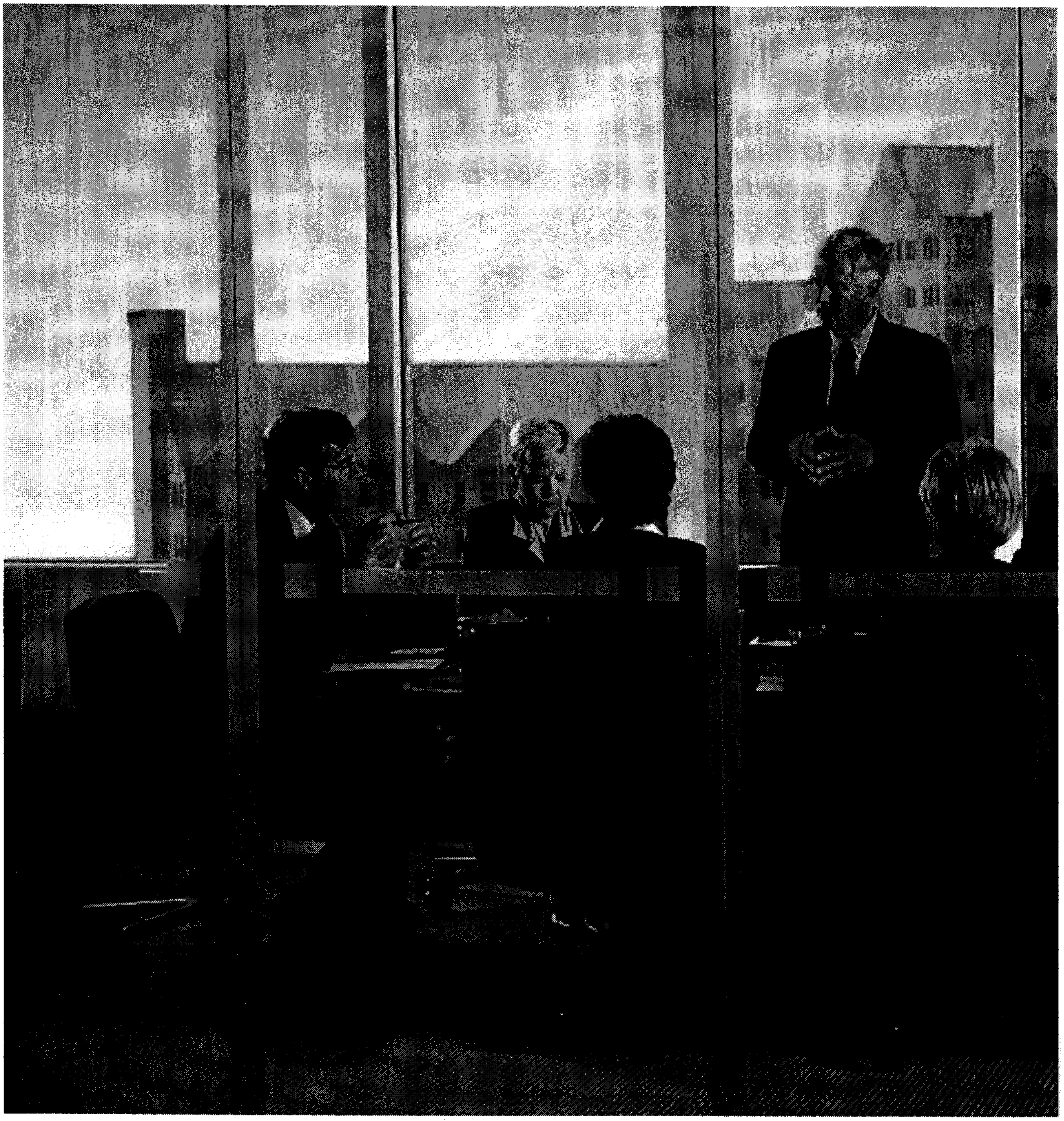
1 Growth and corporate strategy



Commentary

Despite a tough economic and regulatory environment over the last several years, the offshore fund industry continues to outgrow its onshore competitors, as it has been quick to adapt to changing conditions and has been fast to market with new, improved and specialized product offerings and regulatory processes. Acquisition activity is on the rise across the fund service spectrum including managers, administrators, prime brokers and also offshore law firms, as technology, specialization and regulatory compliance all impact the cost base of the industry.

Growth

Over the last several years, the economies of the offshore world have had to deal with a general slow down as well as the impact of natural disasters for a few of them. These jurisdictions were amongst the first to face continuing regulatory scrutiny both from a money laundering and tax compliance perspective. Initiatives such as the EU Savings Tax Directive also have far reaching implications for financial service providers in the offshore European colonies.

However, according to Datamonitor's Offshore Financial Services Databook 2004, offshore fund assets stood at euros 4 trillion at the end of 2003, in thirteen offshore centers, a 19.3 percent increase over the course of that year. The offshore jurisdictions are expected to outstrip their onshore competitors in the mid term as far as growth is concerned.

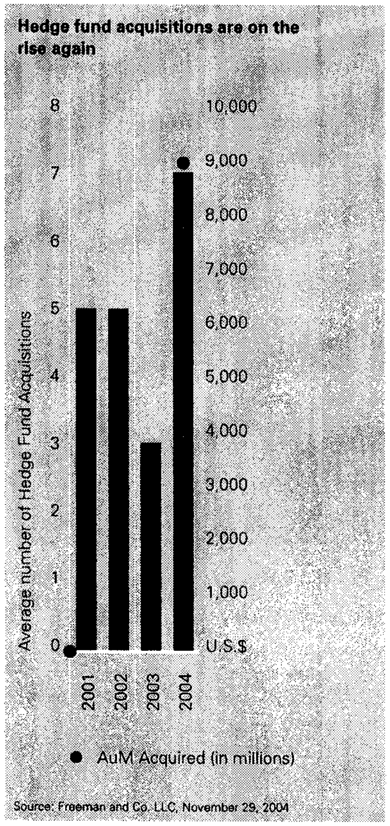
What is it that is sustaining this growth in light of the environment in which the offshore jurisdictions are operating? It appears that growth is being generated by a variety of global and offshore specific factors including the following:

- **Benefit of low taxes on returns.** The tax compliant benefits of registering, and in many instances managing and administering funds offshore continue, as they always have, to allow for enhanced returns, and offshore tax deferrals.

- **Hedge funds.** According to Hedge Fund Research Inc. and estimates by Freeman & Co., hedge funds' Assets under Management (AuM) has grown at a compounded annual growth rate (CAGR) of 26 percent since 1990 and is expected to surpass the U.S.$1 trillion mark this year. Offshore jurisdictions have proved to be an attractive location for many of the funds, given the jurisdictions' willingness to market to the promoters and the flexible regulatory environments that have been established. Certain jurisdictions have also found a niche in servicing the hedge fund industry that puts them ahead of their onshore competitors.

- **Specialist mandates.** Regulations in the offshore environment lend themselves to the creation of flexible fund structures. At a global level alternative investment fund vehicles are seeing strong growth both for niche players as well as at the top end of the investment management spectrum – the world's two leading index-trackers began the year by joining the exclusive club of managers with over U.S.$1 trillion under management and enjoyed growth rates approaching 50 percent. Regulators and the private sector in many of the offshore jurisdictions are getting together to create and promote flexible regulation to attract specialist mandates. For instance, the Bahamas has introduced Specific Mandate Alternative Regulatory Test (SMART) fund structures primarily to attract high net worth and institutional fund business. These measures are beginning to pay off.

- **Balanced and cooperative regulation.** Having a head start on the global clampdown on financial services regulation may have benefited the offshore jurisdictions who market themselves as regulating in a flexible and efficient manner. New fund legislation has been passed in the last two years in the Cayman Islands, the Bahamas, Bermuda and other jurisdictions, and several jurisdictions such as Guernsey, Anguilla and the Bahamas issued fast tracking approval guidelines targeted at professional and knowledgeable investors, recognizing that fast turn around time is very attractive.



- **Institutional market.** Except in the case of jurisdictions such as Switzerland and Luxembourg, the majority of funds in the other more notable offshore jurisdictions are institutional funds. New fund registrations are therefore more likely to have larger asset inflows given their institutional backing and distribution systems.

Strategy
Growing challenges facing the smaller players such as limited portfolio diversity, substantially increased regulation, the cost of human resources, and competitive forces all lend themselves to consolidation in the industry. In the offshore environment this is enhanced by specific forces such as the cooperation of local regulatory regimes, and the increasing specialization of the centers themselves.

Managers
In the hedge fund arena, Freeman & Co. predict consolidation due to the fact that approximately 70 percent of hedge fund managers have AuM of less than U.S.$100 million. How does this impact offshore? As managers consolidate, so will their offshore relationships and a concentration of jurisdictions servicing the industry will likely occur. Further, the game has shifted from balanced to specialist and in the absence of rising markets buyers are seeking performance which is not just relative but actual. This means that those with strong track records of absolute performance in specialist and hedge funds will make attractive targets to the larger fund managers.

Administrators
Administration is becoming increasingly specialized, technology intensive and more demanding in terms of information dissemination and real time pricing. This combined with regulatory pressures mean that the smaller players are finding it tough to make ends meet unless they find an attractive niche such as private equity. At the same time, the growth in the demand for third party fund administration is attracting new entrants and consolidation opportunities are increasingly likely over the shorter term. Boutique administrators are focusing on providing specialist services to sectors such as hedge funds as are the large outsource providers. Market feedback suggests that clients are increasingly demanding wider service offerings which include performance measurement, risk management, middle-office strategies, tax, legal and financial reporting. If the market follows the classic maturity model exhibited by many other industries corporate activity is likely to occur as the specialist providers seek to combine to achieve scale while the existing large players seek to add in more specialized functionality, service and cross border coverage.

At an international level, larger brokers are now jumping into the administration business, for instance J.P. Morgan acquired Tranaut Fund Administration, in a move to acquire expertise in the specialist fund and funds of funds businesses.

Recent acquisitions in the offshore administration arena include:

- Bisys' 2002 acquisition of Bermudian player Hemisphere which gave Bisys a significant inroad into the hedge fund administration business. Hemisphere clients had around U.S.$50 billion in administration at the time.

- Bank of N.T. Butterfield & Sons Limited's acquisition of Deerfield Fund Services in the Bahamas in early 2004, a niche administrator with AuM of U.S.$1.8 billion.

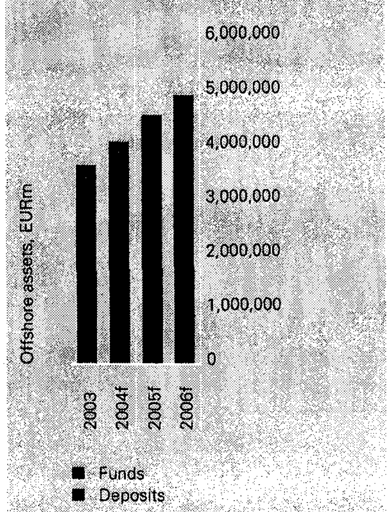
- Citigroup's late 2003 acquisition of Forum Financial Group with offices in Portland, Maine, Warsaw, Poland, and Bermuda.

Private banks
Less obvious at face value in the offshore investment environment are the moves over the last few years being made by the private banking industry to enhance returns from their existing client base. A natural move has been to establish in house products such as funds of funds and multi manager offerings, and private banking fund supermarkets (which one might term a "Gourmet Grocery" in the case of the private banks) where the banks monitor a range of selected funds specifically for the benefit of their clients. The multi manager market expanded significantly in Europe and the U.K. (according to Cerulli Associates) where it grew by 53 percent in 2003 and is forecast to continue to grow at circa 20 percent over the next four years. The benefits? Multi manager allows the private banks to re-engineer, by improving their efficiency, margins, and investment performance consistency. Generally top tier clients are being left directly invested in equity while low-end clients are being unitized i.e. invested in funds or funds of funds.

Lawyers
Service providers to the industry are also positioning themselves to be able to service the offshore jurisdictions in a seamless manner, for instance where a fund may be registered in one jurisdiction, managed in another and administrated in a third – it would be easier to have one lawyer to deal with allowing more complex cross border structures to be dealt with under one roof. Therefore law firms are now merging across offshore borders – recent mergers include Ogier Le Masurier based in Jersey, and Boxalls, based in the Cayman Islands. Appleby Spurling & Kempe and Hunter & Hunter in the Cayman Islands also merged last year to become Appleby Spurling Hunter.

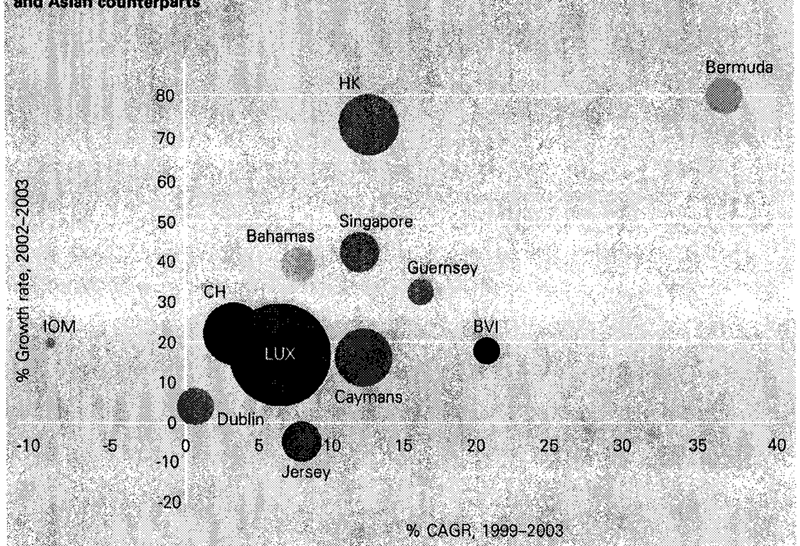
In summary, there is no doubt that the offshore jurisdictions are a force to reckon with in the fund arena. Their consistent growth despite several years of significant economic, market and regulatory challenge is testament to their resilience. The driving force behind this growth is in the specialist fund and hedge fund arena, which the offshore jurisdictions had already positioned themselves for when specialization became a trend onshore. Of course, hedge funds were at the outset a natural product offering to the many international high net worth individuals and corporates with offshore investments. Consolidation continues in the administration arena as the specialist players seek to achieve economies of scale and the larger players look to acquire specialist players. Offshore has more to offer than ever.

The offshore investment market is forecast to grow to euros 5.1 trillion by 2006



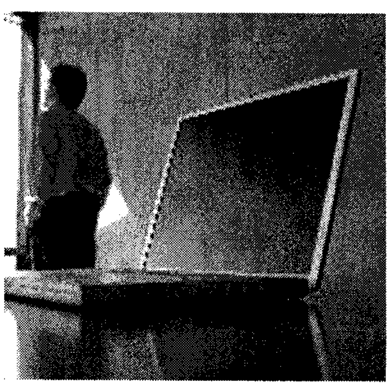
Source: Datamonitor Global Offshore Forecasting Model, 2004

European based offshore fund centers have grown more slowly than their Caribbean and Asian counterparts



Source: Datamonitor Global Offshore Database, 2004

Articles



Merger arb hedge funds boosted by recent deal surge

Hedge funds that bet on the outcome of mergers and acquisitions have gotten a welcome boost from surging deal activity in recent months. So-called merger arbitrage hedge funds buy shares of target companies and bet against the stock of acquiring firms. As a deal nears completion, the share prices of the two firms usually converge, generating returns for the managers. About 140 hedge funds overseeing U.S.$14 billion in assets use the strategy, according to Hedge Fund Research, which tracks the industry. While annual returns have historically come in above 10 percent, performance suffered after 2000 as the number of mergers and acquisitions slumped. Returns were 3.5 percent last year, according to HFR. After jumping ten-fold to U.S.$14 billion between 1997 and 2001, assets in the sector have since stagnated, HFR said. Now the fortunes of merger arbitrage hedge funds may be improving. More than U.S.$170 billion worth of U.S. mergers and acquisitions have been announced in the past 45 days, according to Thomson Financial. That's over twice the activity during the whole of first quarter of 2003, when less than U.S.$70 billion worth of deals were unveiled.

AFX International Focus – January 14, 2005

Guernsey funds industry growth over 15 percent

Fitzrovia International's latest research reveals that the number of funds serviced in Guernsey has grown by 15.5 percent during the last year, with the total rising from 981 to 1,133 funds and subfunds over the year to 30 June 2004. Guernsey's position as a centre for more specialised funds is highlighted with assets invested in private equity/venture capital funds now standing at U.S.$40.1 billion (in 125 domiciled funds). Further, assets invested in funds of funds stand at U.S.$24.5 billion (of which funds of hedge funds make up around U.S.$16.5 billion) in 263 funds domiciled on the Island, Fitzrovia's tenth annual 'Guernsey Fund Encyclopaedia' shows.

Fitzrovia – December 21, 2004

Hedge funds most active traders, boost invest banks revenues

Hedge funds poured a massive U.S.$25 billion into investment banks' coffers in 2004 as a result of their extensive trading activity, according to recent research from Credit Suisse First Boston. The contribution from hedge funds represents about one eighth of the global investment banks' revenue pool. Although their assets under management still represent just 10 percent of those invested by mutual funds, hedge funds are some of the most active players in the markets – accounting for more than 70 percent of daily activity in the U.S. exchange-traded fund and distressed debt market and the convertibles market, for example. In the leveraged loan market, New York Stock Exchange and London stock markets and the U.S. high-yield market, hedge funds make up one-third to half of daily activity, the research said. Most of the U.S.$25 billion revenue paid by hedge funds to investment banks – U.S.$19 billion – was in respect of sales and trading business, with the balance being prime brokerage, which covers a range of services including securities lending, leveraged trade executions, and clearing and settlement.

Dow Jones Newswires – March 11, 2005

Product expansion, distribution drive M&A

Asset managers with global distribution are acquiring firms to broaden their product ranges, and specialist managers are seeking to grow their assets and expand into new markets by outsourcing marketing and sales. This meeting of minds was a key driver of M&A activity last year and will continue in 2005. A report by Freeman & Co., released on November 29, predicted more mergers, product expansions and team lift-outs in the alternative investments industry in the next 18-to-36 months as firms seek to expand their product spectrum.

Money Management Letter – December 30, 2004

Asian interest fuels growth in Cayman Islands hedge fund industry

More than 1,100 new hedge funds were created in the Cayman Islands in 2004, marking a 100 percent increase over the previous reporting period. For the first time, a surge in hedge fund interest from Asian investors was demonstrated, according to a new analysis by Walkers. With more than 80 percent of the world's 8,000-plus hedge funds registered with the Cayman Islands Monetary Authority (CIMA), 2004 saw a sizeable increase in investments by Asian institutional investors in U.S. debt and equity markets carried out through Cayman-based investment funds. Japanese investments in Caribbean-based hedge funds, especially those in the Cayman Islands, have increased 150 percent from the previous year. And, as is often the case, with this rise in the total investment level, fund flows into the U.S. markets have increased as well, in this case by an estimated rate of 50 percent per year.

PR Newswire – February 22, 2005

The Caribbean offshore deposits and mutual funds market 2004–6

Within the mutual funds sector, Bahamas is expected to enjoy strongest growth of the Caribbean jurisdictions between 2003–6. The mutual funds market in the Bahamas is forecast to grow at 14.2 percent per annum from its 2003 level of euros 105 billion to euros 157 billion by 2006. This compares to 11.0 percent and 7.6 percent annual growth in the Cayman Islands and British Virgin Islands respectively.

Both Bahamas and Cayman Islands are forecast to benefit from updated fund legislation introduced in 2003. In the Bahamas, the Investment Funds Act 2003 brought the advent of Specific Mandate Alternative Regulatory Test (SMART) fund structures, which are expected to improve the service wealth managers, are able to provide their clients by offering more flexible product structures under a lighter-touch regulatory regime.

Datamonitor 'Offshore in the Caribbean' – 2004

A string of mergers and expansions is creating a new breed of offshore operations that are keen to raise their profile

Offshore law firms have never been keen to seek the limelight. That may be because of the preferences of wealthy clients, the nature of their often confidential work on complex corporate structures or simply because, with specialist knowledge of their own jurisdiction in great demand, they did not need to market themselves heavily. But, just as international initiatives have boosted transparency in many offshore jurisdictions, developments are under way in the lucrative world of offshore corporate law firms. No longer content to operate solely in their home jurisdictions, the bigger offshore firms have launched aggressive pushes into rivals' territories. A string of mergers and expansions is creating a new breed of multijurisdictional law firms that are set to do battle in offshore waters.

It is not just jurisdictional reach that the firms are expanding. Typically, Channel Islands firms have had a deeper high net worth private client practice than Caribbean firms, and they have also been more advanced in offering fund administration and fiduciary services. So, as well as simply advising on the setting up of structured finance, private equity, property fund and hedge fund vehicles, the lawyers would also administer them, providing many years of income from the same deal.

Financial Times – January 27, 2005

Jersey Financial Services Commission

The number of collective investment funds and COBO funds rose during 2004 from 602 to 833. The total value of funds under management (Class B of the Financial Services (Jersey) Law 1998) stood at U.K.£34.4 billion as at 31 December 2004. The increase in funds under management during 2004 was U.K.£3.3 billion (10.6 percent).

March 2005

Will the Isle of Man be able to keep up its recent growth?

Although there are still some differences in the approach taken between the Isle of Man, Guernsey and Jersey it is nevertheless true to say that these three domiciles are increasingly competing for the same institutional and alternative funds business. This is good news for fund managers; they now have more of a choice.

All three make the point that they wish to be seen as Europe's Cayman Islands. And all three have made important changes to the regulatory and in some cases fiscal regimes in order to attract the kind of fund activity that has been going to Cayman almost by default over the last five or more years.

The substantial growth in assets and funds that have occurred on the island since the spring of 2003 are very much thanks to the measures that were enacted at that time. Assets have gone up from U.S.$9,041 billion in March 2003 to reach U.S.$15,331 in December last year. This is an increase of almost 70 percent in just 21 months. And the number of funds has gone up from 191 in June 2003 to 267 at the end of last year – that is a growth of almost 40 percent.

IFI – March 2005

Island's hedge fund regulation likely to catch on

With a long history in the hedge fund industry, along with the Cayman Islands, the British Virgin Islands and the Channel Islands, Bermuda has played a significant role in the industry. The value of assets in Bermuda hedge funds administered in Bermuda has grown from approximately U.S.$8.13 billion in 1997 to over U.S.$72 billion in 2004. Bermuda funds have been accepted for listing on a number of prominent stock exchanges including Hong Kong, Ireland, and Luxembourg, in addition to Bermuda.

Bermuda International Business Association – December 2, 2004